

Contact Officer: Leigh Webb

## KIRKLEES COUNCIL

### CORPORATE GOVERNANCE AND AUDIT COMMITTEE

**Friday 21st April 2023**

Present: Councillor Yusra Hussain (Chair)  
Councillor Harry McCarthy  
Councillor Elizabeth Reynolds  
Councillor John Taylor

In attendance: Chris Jones – Independent person  
Councillor Paul Davies (Ex Officio)  
Councillor Elizabeth Smaje (Ex Officio)  
Councillor Jo Lawson (Ex Officio)

Julie Muscroft – Service Director, Legal, Governance and Commissioning  
Martin Dearnley – Head of Risk & Internal Audit  
Aaron Gouldman – Grant Thornton  
Helen O’Sullivan – Acting General Manager, Business Assurance

Apologies: Councillor Kath Pinnock

#### **1 Membership of the Committee**

Councillor John Taylor was appointed as interim chair of the meeting and presided during consideration of items 2 to 7 inclusive, at which point Councillor Hussain took the Chair.

Chris Jones was welcomed by the Committee as the Independent Person appointed.

Apologies for absence were received on behalf of Councillor Kath Pinnock.

#### **2 Minutes of Previous Meetings**

**RESOLVED:** That the minutes of the meeting held on 10<sup>th</sup> February 2023 be approved as a correct record. The Committee noted the minutes/notes of the meeting held on 10<sup>th</sup> March 2023.

#### **3 Declarations of Interest**

No interests were declared.

#### **4 Admission of the Public**

It was noted that Agenda item 10 would be considered in private session.

#### **5 Deputations/Petitions**

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There were no deputations or petitions received.

### 6 **Audit Progress**

The Committee received a verbal update from Grant Thornton, external auditor regarding their Audit of the 2021/22 Financial Statement and the Value for Money Report. It was noted that the Audit of 2021/22 Financial Statement was near completion. There was a national issue where the triennial evaluations of pensions of Local Government Pension funds had been published at the beginning of April 2023, which realigned the actuarial position for all pension funds back to 31<sup>st</sup> March 2022. This provided new information about the position as at last year and once all firms nationally had considered the impact, it was hoped that a resolution would be provided, and completion be confirmed.

The Value for money report would be finalised after conclusion of the financial audit. A draft version of the report was under discussion with the Finance Director and his team, with the aim that this Committee considers the report in May 2023.

**RESOLVED:** That the update be noted.

### 7 **Quarterly Report of Internal Audit Q4 2022/23 January 2023 to March 2023**

The Committee received a report which set out the activities of the Internal Audit Quarter 4 of 2022/23 from the Head of Internal Audit.

The report provided information regarding eighteen audits completed during the period. There were seventeen planned pieces of work including four into aspects of financial management of social care, reviews of two stores systems and routine audits at five schools. There was limited assurance relating to a review of part of the business rates system and in relation to adoption arrangements. In the corporate area, there was adequate assurance relating to corporate risk management and whistleblowing. There was limited assurance as regards corporate complaints handling and the communications service was rated as having adequate assurance. One follow up audit had the unusual 'no assurance' rating which related to a continued failure of the service to make proper arrangements or procurement of services, this matter should be addressed by summer 2023.

The proportion of activity that was reviewed in the period found to offer no or limited assurance was 33%, and cumulatively in the year 29%, if schools were excluded the cumulative in year results suggest that 33% of financial process and 58% of business processes required improvements. The Executive Team recognised that this was an issue that needed to be addressed.

The Council's Fraud Investigation Team had continued activity on Right to Buy applications, other aspects of tenancy fraud and other areas of fraud. Sixty-two referred cases of Blue Badge Misuse had led to prosecution and warning letters. The Committee acknowledged that there had been no Regulation of Investigatory Powers Act activity during the period quarter 4 2022/23.

**RESOLVED:** That the Internal Audit Quarter 4 2022-23 report be noted.

**8 Annual Report of Internal Audit 2022/23 & Issues for 2023/24**

The Committee received a report from the Head of Internal Audit which provided information on Internal Audit activity in the year to 31<sup>st</sup> March 2023 and provided an opinion on the adequacy and effectiveness of the council's framework of risk management, governance, and internal control arrangements, and advised on compliance with the requirements of the Public Sector Internal Audit Standards and Code of Ethics. The report also set out suggested internal audit activity planned for 2023/24.

It was noted that 2022/23 was more normal than the previous two years with 83 formal tasks completed. From the beginning of the year, the internal audit function took on customer counter fraud activity. The year also involved a more structured approach to risk management. Overall assurance from audit work was at 71%. This was masked by high performance from schools on financial systems and controls, but poor assurance outcomes on business controls and from follow up audits.

It was suggested that the Audit Plan for 2023/24 be split into a Spring/Summer (Q1,Q2) plan and a provisional Autumn/Winter (Q3,Q4) plan which could be adjusted based on council need and the internal and external environment creating changed assurance priorities.

During discussion, the committee raised concerns regarding the number of follow up audits required by the audit team and suggested that proactive checks were carried out to remind services of audit follow ups by the risk manager, in liaison with the strategic directors. Concerns were also expressed in relation to limited assurance on business controls.

**RESOLVED:**

1. That the Committee was content with the (i) effectiveness of its Internal Audit function, noting its conformance with Public Sector Internal Audit Standards and Code of Ethics (ii) effectiveness of the Council's overall system of internal control (iii) effectiveness of the broader control environment, risk management and governance arrangements of the Council (subject to the observations contained within the report). (iv) finding from internal audit activity in 2022/23 (v) the proposed Audit Mission, Strategy & Charter (vi) the proposed Audit Plans for 2023/24,
2. That authority be given for the Head of Internal Audit to vary the proposed audit plan as is considered necessary, subject to reporting back as a part of the quarterly review process,
3. That the Chair of the Committee liaised with the Head of Risk regarding the number of follow up audits and limited assurances in respect of business controls.

**9 Exclusion of the Public**

**RESOLVED:** That acting under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in

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Part 1 of Schedule 12A of the Act, as specifically state in the undermentioned minute.

### **10 Quarterly Report of Internal Audit Q4 2022/23 January 2023 to March 2023**

**RESOLVED:** That the Committee noted the exempt information, which was an appendix to Agenda item 7.